Managing for Results at USAID

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This paper presents an overview of the results-oriented management system practiced by the U S Agency for International Development (USAID) This system of "managing for results" encompasses the related processes of strategic planning performance monitoring and evaluation and using performance information in management decision-making The paper covers

I   What USAID means by managing for results

II   Why USAID manages for results

III   How USAID manages for results

IV   Why USAID's managing for results system has been relatively effective and lessons learned

V   Remaining challenges facing USAID's managing for results system

I. What USAID means by managing for results

Managing for results, as broadly defined by USAID, encompasses several inter-related processes or phases, including

(a) strategic planning
(b) monitoring and evaluation
(c) using performance information

Strategic planning During this initial phase, an organization defines its objectives and

identifies program strategies to meet those objectives Objectives should be significant results to which an agency s program activities contribute Usually a hierarchy of objectives is articulated with longer-term objectives causally linked to shorter-term intermediate outcomes These "objective trees" or frameworks embody the hypotheses linking program activities to their objectives The process of clarifying objectives should be as participatory as possible to generate consensus

During this phase, the organization develops the indicators to be used in measuring progress towards achieving the objectives Baseline data are collected to establish a starting point, and future targets are set that the organization expects will be achieved within a given timeframe The targets are based on critical assumptions about existing trends, available program resources, and external factors likely to influence outcomes

Performance monitoring and evaluation
Next, an organization plans and establishes a performance monitoring system for collecting performance data, either directly or through secondary sources if quality can be assured Depending on the use of the data and rapidity of expected change, data collection for a performance indicator may be undertaken quarterly, annually or every few years, as appropriate and meaningful It is important that data be collected systematically and regularly

Analyzing performance monitoring data involves comparing actual results against previously established targets or benchmarks

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Performance monitoring data often raise a "red flag" for program managers when something is amiss but rarely provide any details about why progress fell short In other words performance monitoring data track but do not explain results

If more information is needed about performance -- for example about why a target was not met or what actions might be taken to improve program performance -- an organization should consider conducting a more in-depth *evaluation*

Using performance information Performance information -- from both performance monitoring and evaluations -- is typically used to report on program performance to agency managers decision-makers, and external audiences and stakeholders interested in the agency's progress However, the ultimate aim of performance information is achieved only when its use influences management actions and improves an organization s program effectiveness

II. Why USAID manages for results

USAID's managing for results system

■   was established because it is a useful management tool that

--helps the Agency to focus on results
--tells about progress achieved
--improves program performance
--helps the Agency to learn from experience

■   is central to USAID's Reengineering Directives adopted in 1995

■   seeks to fulfill requirements of the 1993 *Government Performance and Results Act*

Progressive institutionalization Managing for results in USAID has been progressively institutionalized during the early 1990s (well ahead of the *Results Act* schedule) At the beginning of the decade USAID undertook experimental or pilot efforts selectively in several field missions on a voluntary basis By October 1993 the USAID Administrator issued a policy notice entitled *USAID s Ability to Manage for Results*, in which he described his vision of a results-oriented management system for the Agency The policy notice summarized best practices (learned from the earlier pilot efforts) to be followed for effective strategic planning performance monitoring and review procedures

By the end of 1995 managing for results became the underlying principle of USAID s Reengineering reforms related to program operations These policies and procedures were clearly articulated in the Automated Directives System [1] Today these managing for results concepts and practices are fundamental to USAID s organizational culture, and are being widely applied

1993 Results Act requirements Under the *Results Act* U S federal agencies are required to develop multi-year strategic plans, prepare annual performance plans develop data monitoring systems that will track results, use performance information in program and budget allocation decisions and report annually on performance

The timetable for government-wide implementation of the *Results Act* calls for agencies' strategic plans to be submitted to the Office of Management and Budget (OMB) by September 1997 the first annual performance plans to be prepared for FY1999 and the first annual performance reports to be submitted by March 2000

USAID has met these requirements by building on its existing managing for results systems and processes As discussed later, in

the final section some challenges remain in meeting specific aspects of the law

III How USAID manages for results

USAID's managing for results processes take place mainly at two organizational levels

(1) within each of the operating units and
(2) agency-wide

Managing for results in USAID's operating units

Establishing managing for results in USAID s operating units (missions and offices) has been a long-term evolving process of adopting strategic planning processes building performance monitoring and evaluation systems, and establishing procedures for reporting, reviewing, and using performance information in decision-making

Almost all operating units now have approved strategic plans in place, and have reported on results to USAID/Washington in their *Results Reports and Resource Requests* (R4s) Two-thirds (63%) of all operating units' strategic objectives now have indicators, targets (planned results) and actual results data for 1997 reported in the R4s, up considerably from 39% last year While substantial progress has been made, more needs to be done to make these managing for results systems and practices more effective For example, attention needs to focus on quality of the data collected and on procedures for effectively using performance information for decisions

The operating units have been assisted in these efforts via technical assistance, training and supplemental guidance materials from USAID/Washington especially from the

Center for Development Information and Evaluation (CDIE) located in the Bureau of Policy and Program Coordination (PPC) For example, CDIE's *Performance Monitoring and Evaluation TIPs* series provide operating units with supplementary guidance on various aspects of how to effectively manage for results [2]

How managing for results is envisioned in the Reengineering Directives to work in the operating units is described below

Strategic planning Each USAID operating unit is required by the Directives to prepare a multi-year strategic plan Strategic planning in the operating units involves

► clarifying a few strategic objectives that the operating unit seeks to achieve with its program activities (Strategic objectives are significant development results to be accomplished within 5-8 years, for which the operating unit is willing to be held accountable)

► ensuring that the unit's strategic objectives contribute to broader, Agency-wide goals and objectives

► focusing the unit's program activities on its strategic objectives

► expressing cause-effect relationships among levels of results in "results frameworks" (i e , graphically diagramming how program activities contribute to short-term intermediate results, and how these influence longer-term, developmentally significant strategic objectives) [3]

► selecting performance indicators to measure progress towards strategic objectives and intermediate results

► establishing baselines (via data collection) and setting future targets for each indicator [4]

► estimating resources needed for achieving targets

Performance monitoring and evaluation
Operating units are also required to plan and establish performance monitoring systems that routinely gather data for assessing if results are actually being achieved as planned [5] Evaluations -- i e structured analytical efforts undertaken selectively to answer specific management questions -- are viewed as complementary to the performance monitoring system

Performance monitoring systems involve

► establishing baseline data for the performance indicators identified in the unit's strategic plan

► collecting actual performance data at regular intervals to track progress

► analyzing actual performance compared to planned targets[6]

In addition to performance monitoring, the Directives call for complementary evaluations to be conducted on selected issues, if management needs more information to

► assess why performance was unexpectedly good or poor

► make recommendations for program improvements or draw broader lessons

► confirm development hypotheses underlying linkages in the results framework

► demonstrate how particular USAID activities have contributed to results (attribution)

► examine special performance issues such as sustainability, cost-effectiveness unintended results etc

In the USAID context performance monitoring and evaluation are viewed as two distinct sources of performance information both of which are considered essential for effective results-based management Some of the key distinctions are highlighted below

► Performance monitoring systems track *whether* results have been achieved as planned (or not) while evaluations examine *why and how* they were achieved (or not)

► Performance monitoring gathers performance data routinely at specific intervals (often annually), whereas evaluation is undertaken occasionally and selectively -- when needed

► Performance monitoring provides broad coverage of all key results whereas evaluation typically provides in-depth analysis focusing on specific results (e g , when performance is unexpectedly poor)

► Performance monitoring systems alert management that results are not as expected but do not tell managers what to do about it, whereas evaluations provide managers with recommendations for improving performance [7]

Using performance information One of the most important innovations of managing for results at USAID has been the establishment of regular procedures for the reporting and review of performance information of the operating units, and for using this information in decisions

At the implementation level, the Reengineering Directives call for some major

changes that would orient program managers towards achieving results These innovations include

- establishing "strategic objective teams" that are accountable for and empowered to achieve results

- stressing effective teamwork

- seeking participation of development partners and customers on the teams (e g representatives from the recipient government other donors NGOs beneficiaries)

- requiring teams to continually use performance information to learn and adjust their implementation activities

In addition operating units are required by the Directives to establish the following results-based management processes

- hold internal reviews of the operating unit's performance in achieving results as a basis for the unit's program and budget decisions

- prepare annual reports for USAID/Washington on the operating unit's performance tied to their resource requests

- participate in annual reviews of the operating unit's performance by USAID/Washington

The Directives call for internal reviews of performance and results achieved for all strategic objectives, to be held by the operating unit at regular intervals (annually or biannually) These reviews are supposed to influence the unit's program and resource allocation decisions It is unclear how widely these internal reviews are being held or the extent to which they are influencing decisions within the operating units It appears that

some units are far more advanced in these respects than others

Operating units also prepare an annual *Results Review and Resource Request* (R4) report that is submitted to USAID/Washington and then jointly reviewed in headquarters [8] Good R4s are those that

- assess performance over the last year using established indicators, baselines and targets

- state whether results surpassed met or fell short of expectations

- specify actions to overcome problems and accelerate performance where necessary

- discuss resources required by the unit to achieve projected results in future years

After the R4s are all reviewed, each of the regional bureaus assess and rank performance of the operating units' strategic objectives, and this becomes an input for decision-making concerning budget allocations within the bureaus The Agency is currently assessing the R4 review process, and is working to streamline it, make it more uniform among bureaus, and increase its influence in the resource allocation process

Managing for results as an Agency

USAID has also taken significant strides recently in measuring and reporting on performance and results agency-wide

Along with other U S federal departments and agencies, USAID is required by law (the 1993 *Government Performance and Results Act*) to prepare an agency strategic plan annual performance plans, and annual performance reports Although USAID has

been preparing annual performance reports since 1993, responding to the specifics of the *Results Act* legislation is a fairly recent challenge Below is a discussion of how USAID has approached these specific legal requirements, as well as broader on-going efforts under Reengineering to develop agency-wide performance information systems and performance-based management processes

Strategic planning The Agency prepared its first agency-wide *USAID Strategic Plan* in September 1997 [9] The Plan

► articulates the Agency's goals and objectives -- that is, the broad development goals that USAID along with its development partners, will contribute towards achieving

► graphically presents the Agency's goals and objectives in an Agency Strategic Framework

► links the Agency's goals and objectives to U S national interests[10]

► establishes a number of 10-year performance goals (targets) within each of the Agency's goal areas

► identifies indicators to measure progress towards each performance goal

The *USAID Strategic Plan* is a multi-year planning document setting long-range goals [11] The Plan identifies six Agency goals considered essential for achieving sustainable development and for contributing to U S national interests The goals are

1 broad-based economic growth and agricultural development encouraged

2 democracy and good governance strengthened

3 human capacity built through education and training

4 world population stabilized and human health protected

5 the world s environment protected for long-term sustainability

6 lives saved and suffering associated with natural and man-made disasters reduced and conditions necessary for political and/or economic development reestablished

There is also a seventh Agency goal -- an internal management goal -- that USAID remains a premier bilateral development agency

The USAID *Strategic Plan* provides an Agency Strategic Framework Similar to "results frameworks" used by operating units, the Agency Strategic Framework graphically displays linkages, or hypothesized cause-effect relationships, between Agency goals and objectives Each Agency goal has several Agency objectives that contribute to its achievement A number of program approaches or strategies typically employed by the operating units are listed that contribute to each Agency objective

Moreover, USAID's *Strategic Plan* identifies a number of performance goals within each Agency goal area Performance goals are specific targets or trends to be achieved within a ten-year timeframe by USAID and its development partners [12] Performance indicators are identified for measuring progress at the country level towards each of these performance goals These USAID performance goals and indicators are largely consistent with the long-range development goals, targets, and indicators adopted by the broader development community[13]

The Agency also recently prepared and submitted its first *USAID Annual Performance*

Plan for FY1999 in February 1998 [14] It establishes annual benchmarks for FY1999 towards each of the ten-year performance goals identified in the *USAID Strategic Plan*

Performance monitoring and evaluation There are currently three key automated sources of agency-wide performance information

1   The Performance Measurement and Analysis (PMA) Database contains all the USAID operating units performance monitoring data (e g baselines targets and actual results for strategic objectives and intermediate results) as contained in the R4 reports [15]

2   The Country Development Indicators (CDI) Database contains country-level trend data for each of the indicators used to monitor progress towards the Agency's 10-year performance goals and annual benchmarks These data are gathered from existing international sources [16]

3   The Development Experience System (DEXS) bibliographic database includes USAID evaluation reports prepared by the operating units as well as agency-wide program and operations evaluations conducted by CDIE [17]

All three of these performance information databases are maintained by CDIE

Using performance information Agency-wide performance information is used for

▶   preparing USAID s annual performance reports

▶   influencing Agency resource allocation processes across operating units and strategic objectives

▶   contributing to organizational learning and improving program strategies

Although the first annual performance report is not due under the *Results Act* until the year 2000 USAID has been preparing annual performance reports since 1993 Each report shows improvements in quality and coverage over the previous year's These reports document development results and lessons learned and represent important steps towards improved Agency program accountability and becoming a results-oriented learning organization

The most recent *Agency Performance Report 1997* (January 1998), draws on the three sources of Agency performance information discussed above The report's contents includes

•   a review of operating units' performance and results achieved in 1996 (drawing on the PMA database)

•   a summary of 1996-1997 evaluation report findings and lessons (drawing on the DEXS database and CDIE evaluations)

•   an assessment of progress in implementing reform efforts under Reengineering, especially progress in managing for results

•   an annex presenting country trend indicators data for each of the Agency performance goals (drawing on the CDI database)

Performance monitoring information is also being used in agency budget allocation processes, i e , in *Bureau Budget Submissions* Annually, each regional bureau conducts a review of all its operating units' R4 reports, and assesses the performance of each strategic objective according to whether it met, exceeded or fell short of its expected targets [18]

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This performance score then comprises 50% of a final composite ranking for each strategic objective Other factors besides performance that also influence the composite ranking include country development considerations (e g country need and the quality of the development partnership) the contributions of the strategic objective towards U S national interests in the host country and the relative importance of a country to U S foreign policy concerns

Regional bureaus then rank similar strategic objectives within each Agency goal area into three groups the top 25% the middle 50% and bottom 25% This approach identifies those objectives with the most compelling case for funding at the request level those with moderate justification, and those with the least [19] These rankings influence resource allocation decisions among units and their strategic objectives within the bureaus A preliminary review by PPC of this process recently concluded that

> "USAID is utilizing performance to inform budget allocations By and large good performance is being rewarded, the better performing programs are receiving greater budget allocations and poorer performing programs are receiving less monies In addition the regional bureaus are increasingly adopting uniform procedures in doing so The bureaus are using technical reviews to evaluate the mission's self-assessments of performance, and using common factors and weights to rank SOs for budget allocation purposes The presence of earmarks and directives, and the need to be responsive to concerns outside the Agency, however, limit the Agency's ability to use performance to inform budget allocations " [0]

Approaches to further streamline this process,

make it more uniform across bureaus and increase the influence of performance on allocations are being considered

Performance information has also been analyzed recently in a series of Performance Goal Reviews held by PPC These reviews examined performance at both the Agency level (using country data) and at the operating unit level (using PMA data) in each of the Agency s goal areas and assessed the Agency s ability to measure progress [1]

Agency-wide evaluations of various programs and operations are also conducted by CDIE that contribute substantially to organizational learning and improvements in strategic directions Full reports as well as highlights are published on these assessments and findings and lessons are further disseminated via conferences seminars oral briefings and the Internet [22]

VI. Why USAID's managing for results system has been relatively effective and lessons learned

Several factors may have contributed to the progress achieved thus far by USAID in managing for results, including

> ► *External pressures and influences have supported adoption of managing for results,* including the 1993 *Results Act* legislation, the National Performance Review's recommendations for reforming (Reengineering) government, and numerous reviews criticizing USAID's management system (e g , by the GAO, OIG, presidential commissions, etc) However, these external pressures have had their pros and cons -- in some cases they may have

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actually created conflicts between what's needed for external reporting on results and what's desirable for internal management needs '

► *USAID had a"head start"*, compared to many other U S federal agencies by introducing managing for results systems on a pilot basis in some operating units during the early 1990s - long before the *Results Act* requirements

► *There has been leadership support at the top* The USAID Administrator has shown support for managing for results in numerous speeches congressional testimonies senior staff meetings workshops agency staff notices cables, etc Leadership support in the operating units has been variable and this has impacted progress in implementing reforms in the units

► *Ownership has been built from the bottom up* With USAID/Washington encouragement and assistance, managing for results experiments began in a number of the operating units in the early 1990s Its utility to management decision-making and program improvements at the operating unit level was demonstrated in several successful pilot efforts Effective practices in some operating units included building ownership by encouraging participatory processes involving all operating unit staff as well as external partners

► *Managing for results policies and procedures were mandated and institutionalized agency-wide* As part of broader Reengineering reforms, they ve been clearly articulated in the Agency s 1995 Automated Directives System Agency-wide training on

Reengineering reforms -- including managing for results policies and procedures -- was provided soon afterwards for all USAID staff However the Directives themselves were not exactly "user-friendly" and may not have been as widely read and understood as hoped

► *The managing for results policies and procedures were built on "best practices"* learned from the initial pilot efforts of the early 1990s

► *USAID/Washington has provided substantial support to operating units in establishing effective managing for results systems* For example, PPC/CDIE and regional bureaus have provided technical assistance training and supplemental guidance materials However, the supply may have fallen short of the demand and need for these support services

► *Generally speaking, managing for results is viewed as a useful management tool* --at all organizational levels -- and not just as an external reporting requirement However, the degree of enthusiasm versus skepticism with which managing for results is embraced in USAID varies considerably from unit to unit and manager to manager

Lessons Learned

Some best practices and lessons learned from USAID's experience thus far are presented below USAID is learning not only from its successes, but also from its mistakes and shortcomings Lessons for other donor agencies wishing to build effective performance measurement and results-oriented management processes include

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- *Allow sufficient time to build managing for results systems and processes* Rule-of-thumb it may take up to five years or longer to establish

- *Leadership support is important* Without strong advocacy from senior managers a managing for results approach is unlikely to be institutionalized broadly or effectively

- *Ownership at all organizational levels can be built via participatory processes* To build ownership, employ participatory approaches -- involving all staff levels and including key external partners -- in strategic planning exercises in developing performance measurement systems, and in results-based decision-making processes Stress their importance as program management tools at the lower organizational levels

- *Keep the performance monitoring system relatively simple* Large numbers of indicators and data become cumbersome and expensive to collect, maintain and analyze, and may even negatively affect the data quality and usefulness Avoid creating a "measurement bureaucracy" that collects data which is never used

- *Don't overload expectations for performance monitoring -- conduct complementary evaluations* Performance monitoring systems cannot answer all of management's performance information needs Evaluations will continue to be needed to answer selected questions that performance monitoring data don't normally address

- *Clarify and institutionalize managing for results policies and procedures, roles and responsibilities* For

effective managing for results systems to be established agency-wide policies and procedures must be spelled out in clear guidance The guidance should include statements on roles and responsibilities -- who is responsible for what aspects of the systems and procedures

- *Have a central unit that "champions" and provides assistance for managing for results processes* Beyond initial guidance further on-going support will likely be needed in forms such as supplemental guidance materials "best practices" papers technical assistance and training efforts

- *Pay particular attention to ensuring the use of performance information, not just for reporting, but for decision-making and learning* Emphasize using performance information in management decision-making (e g programming and resource allocation decisions) and in organizational learning processes both at the operating unit level and agency-wide Avoid viewing external results reporting as the only or even the primary use of performance information

- *Provide incentives for honest performance reporting, not disincentives* If it becomes clear that reporting poor performance inevitably leads to a reduced budget or other disincentives, pressures to show only "good" results may soon distort a performance measurement system Avoid linking performance data too rigidly and inflexibly to budget decisions Consider how to reward operating units and managers for excellence in establishing high-quality performance data systems, for using it

objectively to improve performance
and for honest reporting

V. Continuing challenges facing USAID's managing for results system

In conclusion USAID has made considerable progress during the 1990s in implementing strategic planning and performance measurement systems -- and is beginning to use the information in management decision-making processes -- in the operating units and agency-wide In addition USAID is making headway in planning and reporting results as required under the 1993 *Results Act*

Plans for a major review (and revisions where necessary) of the Agency's managing for results system and especially its implementation of the *Results Act* are underway by PPC [74]

Despite progress, there remain a number of performance measurement challenges facing USAID -- many of which are unique to its role as an international development agency Some of the more significant challenges are discussed below

Performance measurement in the operating units

Indicator and data quality are a concern
USAID faces special data collection constraints in many of its poorer recipient countries, where lack of institutional capacity affect data availability and quality Recent audits of performance monitoring systems of selected USAID missions by the Office of the Inspector General (OIG) have revealed problems with the quality of performance indicators and data collected (e g , issues of accuracy reliability timeliness, etc) [25] In response, PPC has drafted additional guidance

on quality issues in the form of a *TIPs* but much work needs to be done by operating units if quality is to be improved [26] There are legitimate concerns about the additional burdens this may impose on operating units who have already made huge efforts to prepare strategic plans establish monitoring systems, and report on results While data should be of sufficiently high quality for making the right management decisions, it should be balanced against cost and other practical considerations

The state-of-the-art for setting targets is not well advanced Although a *TIPs* has been issued on how to set targets that are both ambitious and feasible it remains more of an art than a science [27] For example, it is not often evident what future results would be expected if there were no USAID program and what difference the Agency's interventions are expected to make Moreover some are concerned about possible biases in the target setting process, because they are being set by the operating units themselves (although they are reviewed, adjusted if necessary, and approved by USAID/Washington via the R4 process)

The role of USAID's implementing partners in performance monitoring needs clarification Recently, a number of USAID's implementing partners (i e , NGOs and PVOs implementing USAID programs) have complained about the extra performance monitoring burdens USAID is imposing on them, which they do not consider useful for their own internal management purposes An Agency notice has been issued in response, cautioning against collecting too much data and unfairly burdening our partners [28] While implementing agencies should be held accountable for collecting data directly related to their project activity outputs and immediate results USAID should find other means for gathering data on higher-level results such as at the strategic objective level

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The complementary role of evaluation to performance monitoring is not well understood Despite the guidance in the Directives and the special *TIPs* about the role of evaluation under Reengineering the message may not be getting through to the operating units [9] The numbers of evaluation reports appear to have been steadily declining since the Directives were issued in 1995 Moreover, analyses of performance in the R4s rarely refer to evaluation findings CDIE is planning a review of the state of evaluation in the operating units, which will assess what changes have recently taken place and why examine whether evaluations are serving management needs and recommend how the evaluation function can be strengthened

Demonstrating attribution is a continuing issue USAID faces increasing external pressures to demonstrate that significant development results, such as strategic objectives are attributable to its program activities This is quite a challenge because typically a USAID operating unit is only one actor -- and frequently a rather minor actor -- influencing those results Whereas a U S domestic agency may have a monopoly or be an obvious key player affecting a significant result, as a donor agency, USAID usually shares the spotlight with many others -- the host country government agencies, other donors, NGOs, etc -- all with programs potentially influencing the same strategic objective The higher one goes in the hierarchy of results, the more serious this issue of demonstrating attribution (confirming linkages) becomes If proving attribution at higher levels becomes a priority issue, USAID operating units may have to consider conducting more program impact evaluations geared to this task [10]

Despite these remaining challenges, sight should not be lost of the substantial progress made in the USAID operating units in preparing strategic plans, in establishing performance monitoring systems, in reviewing

and reporting performance and in using the information in their decision-making processes

Performance measurement agency-wide

USAID faces a number of special challenges in its efforts to aggregate and report on results agency-wide that most U S domestic agencies do not face In responding to the *Results Act* USAID is searching for appropriate approaches that can

- summarize significant results achieved at the Agency level (i e across its operating units)

- show annual progress

- plausibly associate the results achieved with USAID's operations

Some of the difficulties and issues encountered in doing this are discussed below

USAID works in many different developing countries and program areas Unlike most U S domestic agencies whose programs operate only within the United States and focus on a single program area, USAID's programs serve populations in many countries world-wide and span many sectors This fact quickly multiplies the magnitude of data collection requirements faced by USAID, compared to those of a U S domestic agency Moreover, the poverty conditions in many of the countries USAID serves means typically inadequate data collection infrastructures and capacities, with consequent problems of inadequate data quality, coverage, timeliness, etc Some of USAID's newer program areas, such as democracy and the environment, do not yet have reliable or valid indicators that are broadly accepted and used to measure results

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USAID's program operations are very decentralized and diverse Another challenge lies in the diversity of USAID's program operations world-wide USAID's operating units are highly decentralized and their program activities tend to be tailored to specific country conditions and needs Programs do not often follow a standard "cookie cutter" approach with comparable inputs outputs and results While in many ways this is good practice it does create a problem of identifying appropriate "common indicators" that might be widely used to standardize and aggregate program results across operating units and countries The great variety of strategic objectives and intermediate results found in the operating units' monitoring systems cannot easily be "added up" to arrive at agency-wide results Nevertheless, the Agency has invested considerable efforts, and is making headway in identifying useful common indicators that operating units can use for similar program approaches in a number of the Agency's goal areas [31]

Achieving development results is a long-term prospect The *Results Act* calls for reporting on results achieved annually -- preferably during the fiscal year as a consequence of program resources expended in that fiscal year For an agency like USAID that seeks to achieve and report on developmentally significant (and often long-term) results, this may be difficult in most cases Immediate program outputs and possibly some intermediate results (such as numbers of workshops held teachers trained, children immunized, contraceptives distributed) might be produced within a fairly short timeframe after resources are expended and accomplishments can often be summarized and reported by fiscal year However, this is not often feasible for higher-level strategic objectives nor for country-level measures of development progress (such as reducing fertility rates improving child survival rates increasing farmer incomes etc) Some

complications to measuring results at the higher-levels

- there may be a multi-year lag between launching activities and results achieved

- results data may not show progress annually

- results data may be too expensive to collect annually

- data are often collected at specific points in time that do not relate to the U S fiscal year

Agency performance goals and indicators identified in the Agency Strategic Plan may be inappropriate for attribution to USAID programs USAID has chosen an approach in its *Agency Strategic Plan* that sets ten-year performance goals at the country level, using readily available, standard indicators for tracking and comparing progress The *Annual Performance Plan* continues with the same approach, establishing annual benchmarks for the performance indicators more or less in line with the longer-term targets established in the *Strategic Plan*

Benefits of this approach include an ability to aggregate and compare results across countries, at levels that are developmentally significant (and therefore impressive), and that rely on existing data sources readily available from international organizations This approach is consistent with what the development community has adopted, embodied in the DAC report on *Shaping the 21st Century* Moreover, these standard country-level indicators can have great value for agency-wide planning purposes -- such as for developing objective criteria to influence resource allocations among countries based on comparative need, or for deciding which countries might "graduate" from program assistance based on their meeting or

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surpassing performance goals/targets

However these country-level indicators and data may be inappropriate -- *if the purpose is* to demonstrate results that can be attributed clearly and directly to USAID program operations In most cases there are simply too many other actors and external factors that affect these results at the country level While the *Strategic Plan* attempted to make it clear that these "agency" performance goals could only really be achieved by the concerted efforts of development partners and not by USAID alone this point may have been lost in the *Annual Performance Plan* [32] Making a case for plausible association -- that USAID s program operations demonstrably contribute to achieving Agency (country-level) performance goals -- may presently be beyond the capabilities of USAID's performance monitoring databases and methodologies

USAID may have to undertake a series of special program impact evaluations especially designed to examine the attribution question in key program areas agency-wide, rather than attempting to rely only on performance monitoring data [33] CDIE, in its recent evaluation agenda for FY1998-99, has already taken steps in this direction [34]

Two other options exist for aggregating performance monitoring results agency-wide -- at more suitable "operational" levels (i e , at levels of results that can be more readily associated with USAID's activities) Both of these options are currently being pursued However these other approaches each have their own set of shortcomings

The first alternative involves summarizing or adding up across operating units the numbers of programs that have either met exceeded or fallen short of their targets for strategic objectives (and intermediate results) This approach has several advantages Strategic objectives (and intermediate results) are at a more operational level -- compared to

country-level performance goals Operating units are willing to be held accountable for achieving these results Moreover such performance measures or scores can be calculated and analyzed agency-wide -- across units for different types of programs (e g those contributing to a particular Agency objective) or for different regions or country conditions (e g transition countries) The scores can be calculated on an annual basis and thus used to demonstrate progress for annual reporting Overtime the Agency could seek to improve and report on its overall program performance by increasing the numbers (or percentages) of strategic objectives that met or exceeded their targets

Disadvantages of this approach is that it may not be as satisfying to report scores (e g targets met exceeded) as it is to report indicators demonstrating "real" development results (e g lives saved pollution prevented) Also since the targets are initially self-set by the operating units there may be a credibility issue [35]

A second way of aggregating results across operating units and programs would be to continue searching for and encouraging use of "common indicators" across similar types of objectives These might include fairly direct indicators of USAID activity outputs and intermediate results (for example, numbers of teachers trained, beneficiaries served, or hectares conserved) that can be gathered annually and are relatively closely and obviously associated with (and attributable to) USAID operations

A disadvantage of this approach is that it currently could cover only a portion of USAID's overall assistance efforts, given the great diversity of the Agency s activities and program approaches and the lack of adequate common indicators -- especially in the newer, innovative program areas In the longer term coverage might be increased, but it might come at the cost of indicators "driving"

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programs into inappropriate cookie-cutter molds This would undercut some of the local-level flexibility and autonomy for operating units we've sought to achieve under Reengineering Finally reporting at these activity output or immediate results levels may be less satisfying and inspiring than focusing on more significant long-term development goals

There is yet a third option which would be to abandon trying to aggregate or summarize results across operating units or countries Such aggregation is not explicitly required by the *Results Act* Rather annual "agency" performance goals (targets) could be identified as the annual targets of the individual strategic objectives (and/or possibly intermediate results) of the operating units In other words, the Agency's *Annual Performance Plan* could simply be a compilation of annual targets taken from the operating units strategic plans, while the *Annual Performance Report* would be a reporting of the strategic objectives' actual data compared to their targets as reported in the R4s The problem here is that reporting individually on several hundred objectives (as annual performance goals) may get unwieldy and we may "lose sight of the forest while counting trees "

In conclusion none of these approaches alone provide a fully satisfactory approach to the challenge presented by the *Results Act* -- of requiring reporting *agency-wide* and *annually* on *significant results* achieved that are demonstrably *attributable* to Agency program operations Pursuing -- and reporting results on -- all of these approaches simultaneously, in an integrated and coherent way may provide a sufficient response Undertaking program impact evaluations in key areas that focus on the attribution issue may also be a useful complement

Clearly the Agency needs to review its current approach and make adjustments that satisfy the *Results Act* and its oversight agencies while preserving and building a system of managing for results that serves the Agency's internal management needs Providing the Agency with strategic direction and with management tools that improve program performance should be the ultimate aim

ENDNOTES

1 To view USAID s Reengineering Directives on managing for results (the *Automated Directives System*, series 200), check USAID's external website on the Internet
http //www info usaid gov/pubs/ads/200/

2 The *Performance Monitoring and Evaluation TIPs* may be viewed on USAID s external website
http //www dec org/usaid_eval/#004   See also *Resource Book on Strategic Planning and Performance Monitoring under Reengineering* prepared for CDIE by MSI (1997), for a variety of USAID managing for results training materials and reference documents It s available at
http //www dec org/pme/notebook/

3 These results frameworks also include the results to which other development partners -- e g the recipient country government other donors NGOs etc -- are expected to contribute This places greater emphasis than in the past on coordination and collaboration with partners since achievement of strategic objectives are in part dependent on their efforts

4 Baselines refer to the actual results measured in a base year, whereas targets refer to planned level of results to be achieved in specific future years

5 Performance monitoring is not the same thing as traditional implementation monitoring The former measures progress against the significant development objectives (e g , strategic objectives and intermediate results) identified in a unit's strategic plan, whereas the later tracks project activities -- e g , Are funds obligated and inputs delivered on schedule? Are there contractual, management or other implementation problems? Are outputs being produced on schedule?

6 About two-thirds of all operating units' strategic objectives now have actual performance data to compare against targets

7 For example, suppose a performance monitoring system shows that a USAID-supported agricultural package has been adopted by farmers and has increased yields as planned, but farmer incomes haven't increased as expected An evaluation may be needed to find out why Depending on the findings and recommendations of an evaluation appropriate actions may vary considerably If the reasons why incomes haven't increased is found to be lack of adequate marketing facilities and rural roads, the evaluation may conclude that improving performance depends on increasing resources for these purposes If, on the other hand, the reason is because of declining international markets and prices that are beyond USAID s control the recommendation might be to terminate the program

8 It is important to note that these R4 reports represent a reduction in the frequency and depth of reporting (compared to the past when units reported to USAID/Washington at the project level), and there are current efforts underway to reduce the burden even further the idea being to give higher level managers (i e , USAID/Washington) only the level of performance information required for higher-level decisions

9 To view the *USAID Strategic Plan*, visit the USAID external website
http //www info usaid gov/pubs/strat_plan/

10 These U S national interests are identified in the *United States Strategic Plan for International Affairs* (September 1997) prepared by the U S Department of State It is available on the State Department's website http //www state gov/www/global/general_foreign_policy/stsp828 html

11 Although USAID is not required to revise its *Strategic Plan* until September 2000, a revision may be undertaken before then

12 For example the 10-year Agency performance goals include targets and trends such as reducing the proportion of the population in poverty by 25% reducing fertility rates by 20% slowing the rate of growth of greenhouse gas emissions etc)

13 The USAID performance goals and indicators identified in the *U S Agency for International Strategic Plan* (September 1997) are largely consistent with the goals and indicators shared by the broader development community as articulated in the DAC report, *Shaping the 21st Century The Contribution of Development Cooperation* (May 1996)

14 The *USAID Annual Performance Plan FY1999*, may be seen at the USAID external website
http //www dec org/html_docs/app/

15 For analysis of this PMA database see the *Technical Performance Volume Supplement to the 1997 Agency Performance Report* (prepared by ISTI for CDIE March 1998)

16 The CDI Database is maintained by an Economic and Social Data Services contract for CDIE Efforts are currently underway to make this database available via the USAID external website

17 Evaluation reports prepared by USAID's operating units can be searched via the Development Experience System (DEXS) -- a bibliographic database containing records for about 100 000 agency technical and program reports The DEXS is available on the external website
http //www info usaid gov/pubs/dexs html   To view recent evaluations published by CDIE, visit the external website http //www dec org/usaid_eval/

18 These bureau performance scores are based on judgement by technical review teams of an operating unit's strategic objective in terms of (a) immediate past performance (e g , targets were met, exceeded or fell short in the most recent year), (b) performance trends and extenuating circumstances, and (c) performance prospects

19 See the *FY2000 Results Review and Resource Request Guidance Cable* (January 1998) for more information on this process See also *Technical Performance Volume Supplement to the 1997 Agency Performance Report* (prepared by ISTI for CDIE, March 1998)

20 PPC draft paper *Performance and Budget Allocations* (September 1998) In addition to the rankings based on composite scores (which included 50% performance), other factors that affected budget allocations among strategic objectives and units included funding availability within a goal area (earmarks) the political importance of a mission, country program, or objective, and size of SO pipelines While in some cases, continued poor performance lead to termination of SO activities

or funding cutbacks in other cases mid-course corrections by the unit were used to justify funding despite poor performance In some cases it was argued that funding may not have been sufficient in the past to achieve desired results Finally, there were a few cases where poor performance itself was used as a justification for increasing funding so that a critical SO could be achieved

21 In a summary memorandum on the PPC Goal Reviews a conclusion was that while "the reviews provided PPC with considerable information regarding each of the goal areas nevertheless we are still a long way from transforming the data into an analytic framework that allows the agency to make more strategic decisions and to prioritize resource allocations "

22 For recent CDIE evaluation reports visit the USAID website http //www dec org/usaid_eval/

23 For example there appears to be a potential conflict between *Results Act* requirements for reporting immediate results achieved during a fiscal year that relate to spending in the same fiscal year versus the Agency's approach which has been to focus on longer-term significant development objectives

24 *PPC Workplan for Overseeing the Agency s Implementation of the Results Act and Key Related Tasks* Action Memorandum for the AA/PPC September 1998

25 The audit reports on *Quality of Results* covered R4s prepared in 1997 by USAID operating units in India, Georgia, Haiti, Bangladesh, and Senegal

26 Draft *TIPs* entitled, *Guidelines for Indicator and Data Quality* (1998)

27 TIPs #8, *Establishing Performance Targets* (1996)

28 USAID General Notice, *Message for the Administrator*, July 28, 1998

29 TIPs #11, *The Role of Evaluation in USAID* (1997)

30 For example, the recent GAO report *USAID Reengineering at Overseas Missions* (1997) notes "USAID missions have to various degrees begun to establish results-oriented indicators and report the results of their projects annually However the missions still have difficulty linking their activities to the broad indicators of development One way to provide a more complete picture of programs performance could be to supplement performance measurement data with impact evaluation studies "

31 PPC has undertaken "common indicators" exercises with other USAID/Washington bureaus The first rounds were completed with issuance of lists of most commonly or frequently used indicators for each Agency goal area A second round is underway that seeks to develop valid indicators for each Agency goal and objective that meet "generally acceptable reporting and indicators standards " A series of papers (one for each goal area) have been drafted that review the strengths and weaknesses of performance indicators commonly used by operating units at various levels of results (e g , strategic objectives, intermediate results, activity outputs) organized by Agency objectives

32 As envisioned in the *Results Act* an agency's annual performance goals -- spelled out in its annual performance plan -- are the planned results to be achieved during the fiscal year as a result of expenditures during that same year where feasible Thus the results should be at a level that is fairly directly related (attributable) to its operations and that can demonstrate annual progress

33 The GAO report *USAID Reengineering at Overseas Missions* (1997) recommended USAID consider the option of using program evaluations for demonstrating programs effectiveness in achieving the Agency s strategic goals " See also GAO's report, *Managing for Results Analytical Challenges in Measuring Performance*, (May 1997)

34 The recently approved *Agency Evaluation Agenda for FY1998-99* (i e evaluations to be conducted by CDIE) intends to examine some of these linkages and attribution questions Specifically the evaluations will address "issues related to the effectiveness of Agency program strategies in contributing to overall Agency goals and objectives" and "issues related to the effectiveness of strategies commonly or experimentally used by the operating units to achieve strategic objectives within particular sectors " The *Agenda* can be seen on the USAID external website htpp //www dec org/usaid_eval/

35 This type of analysis is being done For example, performance scores from the PMA database indicate that for all operating units strategic objectives with data available, 65% exceeded, 19% met, and 17% fell short of their targets for 1997 For more on this PMA database analysis see *Technical Performance Volume Supplement to the 1997 Agency Performance Report*

36 The credibility issue may be overcome somewhat by using the regional bureaus' technical performance scores, rather than the operating unit's self-assessment scores The bureaus adjust the performance indicator data, using qualitative judgements and contextual evidence of progress and performance trends and prospects